

CALIFORNIA ENERGY COMMISSION

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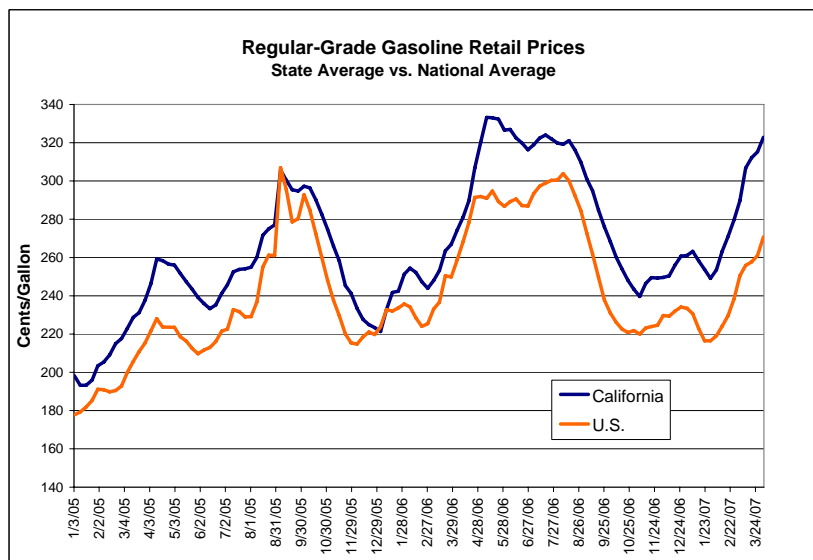
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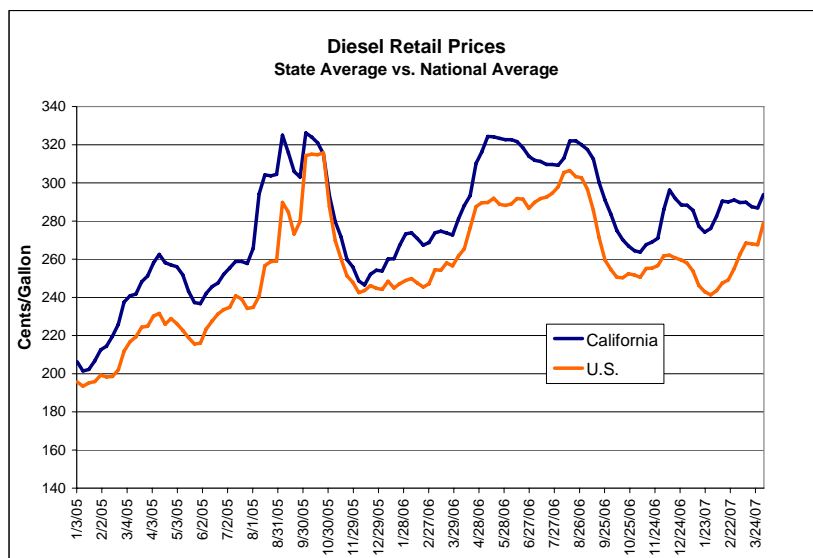
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**Petroleum Watch****April 6, 2007*****Retail Gasoline and Diesel Prices on April 2***

- For the ninth consecutive week, the average California **retail price for regular-grade gasoline** increased, rising 8 cents from last week to \$3.23 per gallon. Gasoline prices have increased 33 cents since our last report on March 5 and are now 49 cents per gallon higher than at the same time last year.ⁱ
- The difference between California and U.S. retail gasoline prices grew to 52 cents per gallon, 13 cents more than on March 5. U.S. gasoline prices jumped 20 cents since March 5 to \$2.71 per gallon, 12 cents more than reported at this time last year.



- Despite a 7 cent increase from last week to \$2.94 per gallon, the average California **retail diesel price** has stayed relatively steady for the past month and is only 4 cents more than on March 5. In contrast, the average U.S. retail diesel price has increased 16 cents to \$2.79 per gallon since March 5, narrowing the difference between California and U.S. prices to 15 cents per gallon.

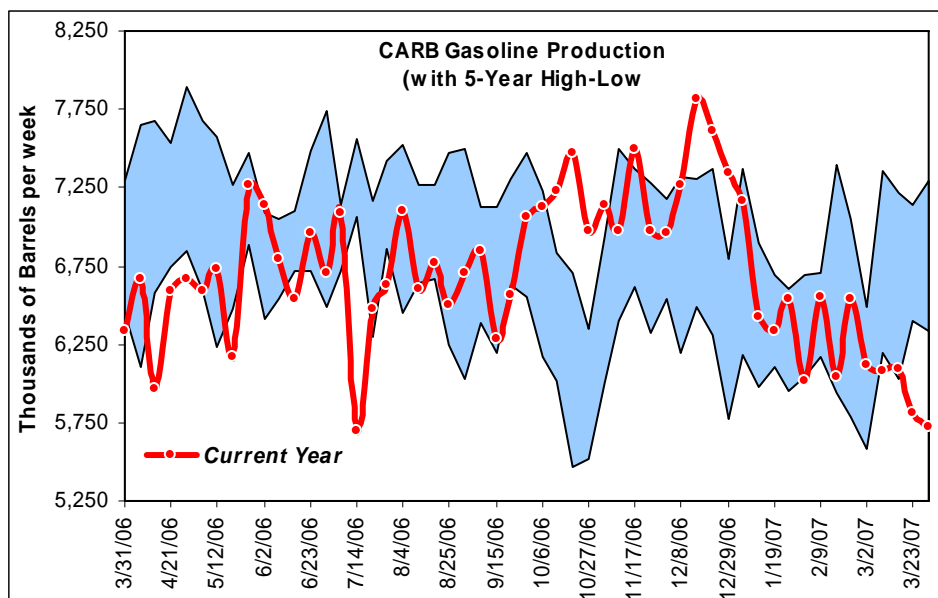


Wholesale Gasoline and Diesel Prices on April 4

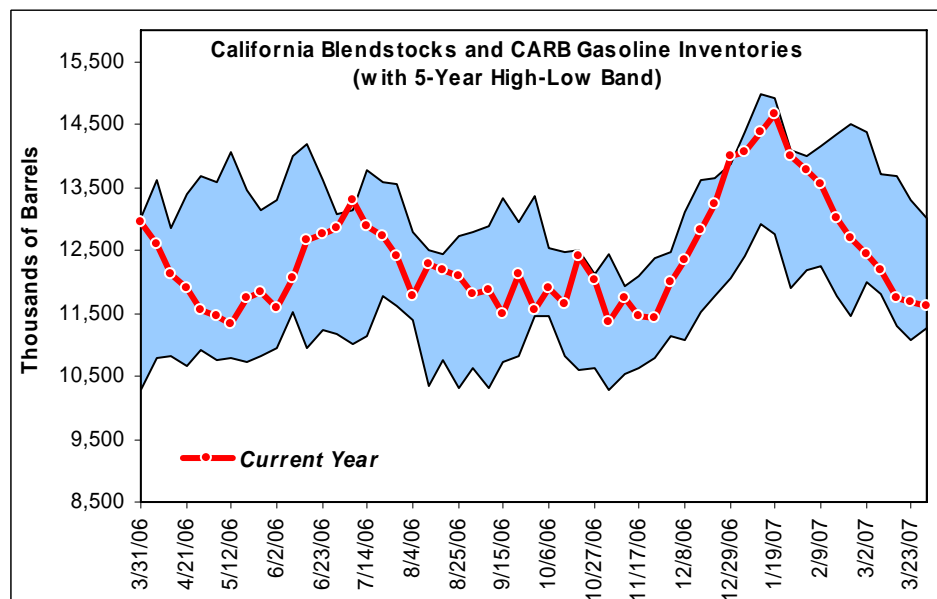
- Despite higher prices, demand for gasoline has been very strong so far this spring. Combined with substantial refinery maintenance, numerous unplanned outages, and some delayed restarts following maintenance work, this has pushed **wholesale gasoline prices** higher.
- California spot wholesale gasoline prices for regular-grade reformulated blendstock for oxygenate blending (RBOB) increased to \$2.46, 19 cents per gallon more than our last report for March 6 and 33 cents more than on the same day last year.
- Spot prices for RBOB in Los Angeles are 50 cents higher than New York Harbor and 40 cents more than the Gulf Coast, compared to 41 cents and 50 cents more, respectively, on March 6.
- California spot **wholesale ultra low-sulfur diesel prices** have increased over the past month to \$2.21, 23 cents more than on March 6 and 11 cents more than the same day last year.
- California wholesale ultra low-sulfur diesel prices are 21 cents per gallon more than New York Harbor and 16 cents more than the Gulf Coast, up from 14 cents and 9 cents more, respectively, on March 6.
- California gasoline ended the reporting week at 26 cents more than California diesel, compared to 30 cents more on March 6.
- The Energy Information Administration's (EIA) weekly report for March 30 shows that **U.S. gasoline demand** increased 2.6 percent from the previous week and 3.3 percent from March 2, while distillate demand declined 1.4 and 4.7 percent, respectively. The four-week average demand for gasoline is 9.29 million barrels per day, 2.2 percent more than the four-week average at the same time last year. The four-week average for U.S. distillate demand is 4.39 million barrels per day, 5.7 percent more than at the same time last year.

Refinery Production and Inventories

- **Reformulated gasoline production** in California for the week ending March 30 decreased 1.6 percent from the previous week to 5.72 million barrels, 9.7 percent less than a year ago. Production levels have declined to well below the five-year range.ⁱⁱ



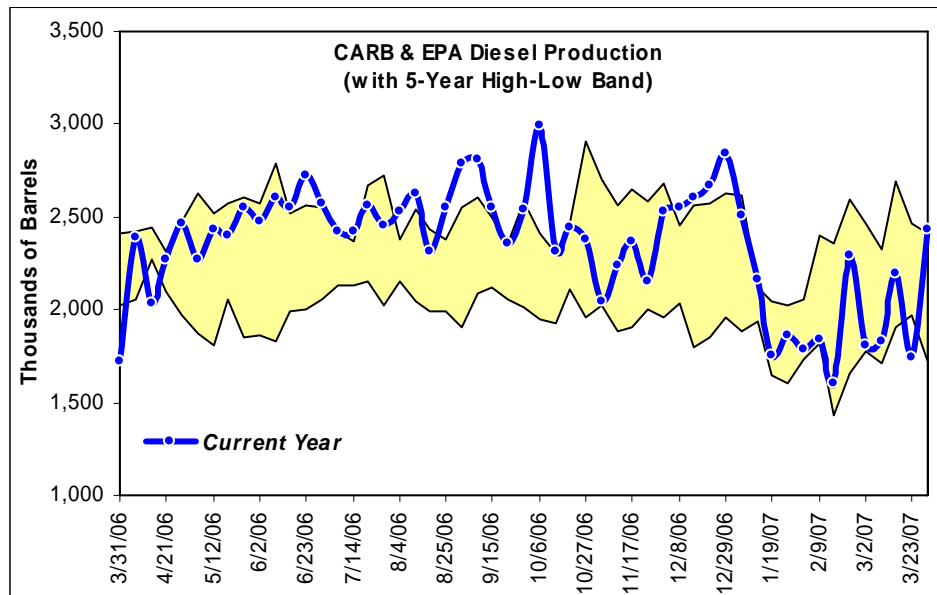
- California reformulated gasoline inventories decreased by 1.2 percent last week, while gasoline blendstock inventories fell 0.2 percent. As a result, **combined inventories** of reformulated gasoline and gasoline blendstocks in the state **decreased by 0.6 percent** to 11.6 million barrels and remain near the bottom of the five-year range.



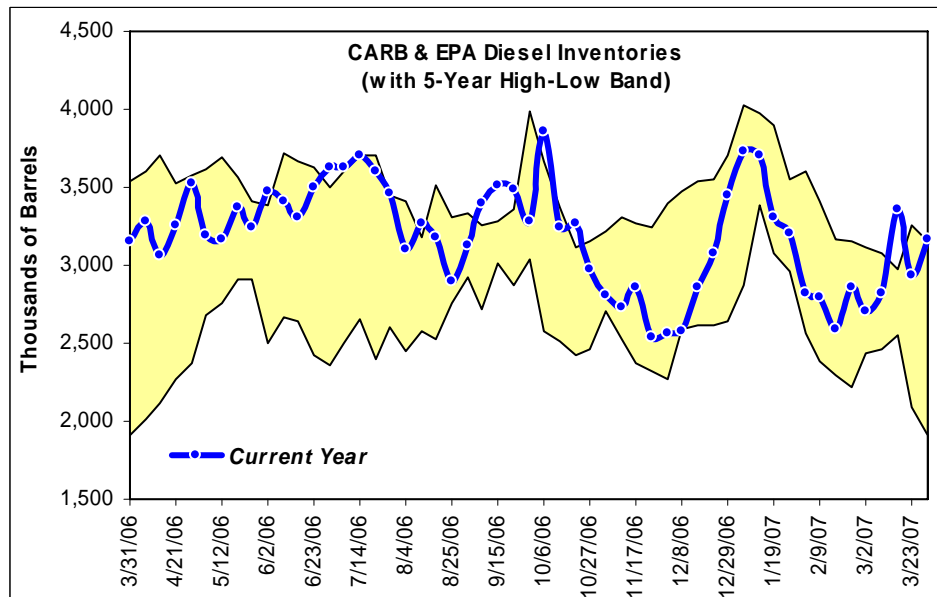
- U.S. gasoline inventories as of March 30 were at 205.2 million barrels, 5 million barrels less than the previous week and 11.2 million barrels lower than March 2.

Inventories increased slightly on the West Coast and East Coast but decreased sharply on the Gulf Coast during the latest week.

- California **ultra low-sulfur diesel production** during the week ending March 30, including both California diesel and U.S. Environmental Protection Agency (EPA) diesel, rose very sharply to 2.43 million barrels, 39.4 percent more than the previous week and 41 percent more than a year ago.



- Combined **ultra low-sulfur diesel inventories** in California increased 7.8 percent from the previous week to 3.17 million barrels. Total U.S. distillate inventories as of March 30 fell to 118.0 million barrels, 5.22 million barrels less than March 2. As with gasoline, inventories increased slightly on the West and East Coasts but decreased sharply on the Gulf Coast from the previous week.

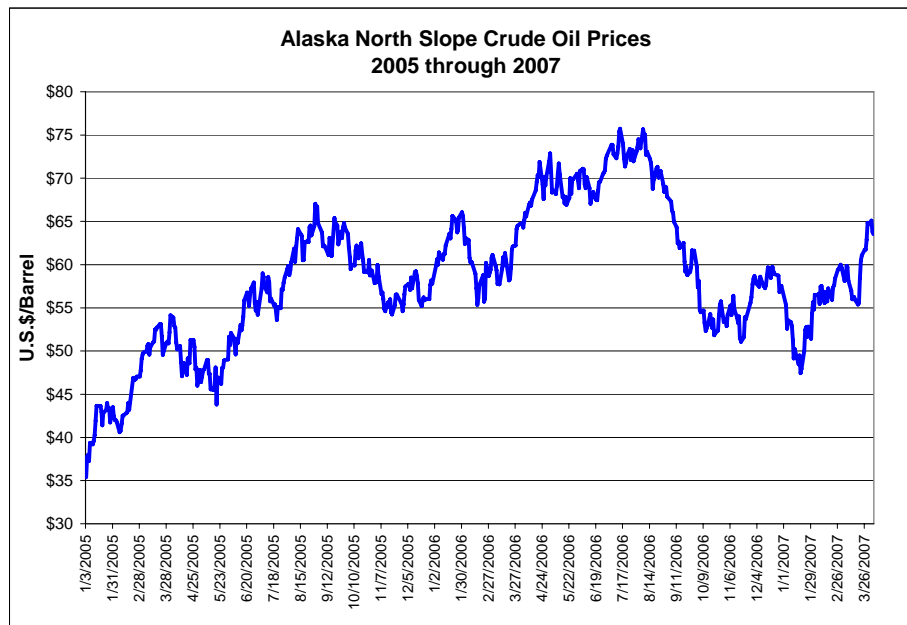


- On April 2, the Federal Trade Commission approved Tesoro's plan to purchase Shell's Los Angeles area refinery and 250 stations for \$1.63 billion. The Wilmington

refinery has a capacity of about 100,000 barrels per day. According to Tesoro officials, all that remains is approval from California's Attorney General.

Crude Oil Prices and Inventories

- Since our last report, West Coast prices for Alaska North Slope (ANS) crude oil, an important refinery feedstock for California, fell more than \$4 per barrel over a two-week period to a recent low of \$55.53 per barrel on March 20. Continuing loose compliance with existing production quotas and no talk of new production cuts by OPEC contributed to the price declines. However, steady attrition in crude oil stocks compared to a year earlier, despite heavy seasonal refinery maintenance and numerous outages, and substantial drawdown of gasoline and distillate stocks combined with a variety of factors constraining oil production from Venezuela, Iran, Mexico, Ecuador, Nigeria, and Australia started pushing prices steadily higher. The seizure of 15 United Kingdom naval personnel by Iranian forces on March 23 set the stage for another large jump in prices, with ANS reaching \$65.09 per barrel by April 2 on the resulting tense diplomatic exchanges. With word that the naval personnel would be released, these tensions abated somewhat, and oil prices retreated. ANS oil prices fell to \$63.53 per barrel on April 4.ⁱⁱⁱ



- U.S. commercial crude oil inventories as of March 30 grew by 4.3 million barrels from the previous week to 332.7 million barrels. Crude oil stocks are 10 million barrels less than last year but still 21.2 million barrels higher than the five-year average. California crude oil stocks fell 3.7 percent from the previous week to 16.2 million barrels but are still 5 percent higher than last year.

ⁱ Spot wholesale and retail gasoline and diesel prices and U.S. crude oil and product inventory estimates are from the Energy Information Administration of the U.S. Department of Energy.

ⁱⁱ California refinery production and inventory information is from the Petroleum Industry Information Reporting Act (PIIRA) database maintained by the California Energy Commission.

ⁱⁱⁱ ANS crude oil prices are from *The Wall Street Journal*.